

May 11, 2005

Toray Announces Consolidated Results for the Fiscal Year Ended March 31, 2005

Tokyo, May 11, 2005 - Toray Industries, Inc. today announced its consolidated and non-consolidated business results for the fiscal year ended March 31, 2005. The following summary of the business results that Toray submitted to the Tokyo Stock Exchange is unaudited and for reference only. (Code Number: 3402)

Consolidated Financial Highlights

(Millions of yen, millions of U.S. dollars, except per share data)

	Year ended March 31,			
	2005	2004	Change	2005
	Yen		%	U.S. dollars
Net sales	¥1,298,606	¥1,088,501	19.3	\$12,091
Operating income	81,052	56,792	42.7	755
Ordinary income	76,800	51,602	48.8	715
Net income	34,397	20,908	64.5	320

Depreciation	62,580	67,253	(6.9)	583
Capital investment	69,513	47,990	44.8	647
Total assets	1,402,264	1,295,314	8.3	13,056
Property, plant and equipment, net	531,965	543,315	(2.1)	4,953
Total stockholders' equity	452,519	414,247	9.2	4,213

Per Share of common stock (yen)

Net Income Primary	¥24.46	¥14.87	64.5	-
Cash dividends	¥7.00	¥5.50	27.3	-
Stockholders' equity	¥323.04	¥295.64	9.3	-

Ratios (%)

Operating income to net sales	6.2%	5.2%	-	-
Net income to net sales	2.6%	1.9%	-	-
Equity ratio	32.3%	32.0%	-	-
Return on equity	7.9%	5.2%	-	-

Notes:

1. U.S. dollar amount have been converted from yen at the exchange rate of ¥107.4=U.S.\$1, the approximate rate of exchange prevailing on March 31, 2005.
2. Amounts are rounded to the nearest million.

Consolidated Business Segment Information

(Millions of yen, *millions of U.S. dollars*)

Net Sales	Year ended March 31,			
	2005	2004	Change	2005
	Yen		%	<i>U.S. dollars</i>
Fibers and Textiles	¥513,354	¥424,755	20.9	\$4,780
Plastics and Chemicals	300,404	258,093	16.4	2,797
IT-related Products	219,142	174,538	25.6	2,040
Housing and Engineering	148,661	120,123	23.8	1,384
Pharmaceuticals and Medical Products	44,356	47,875	(7.4)	413
New Products and other Businesses	72,689	63,117	15.2	677
Total	1,298,606	1,088,501	19.3	12,091
Elimination and Corporate	-	-	-	-
Consolidated Total	1,298,606	1,088,501	19.3	12,091

Operating Income	Year ended March 31,			
	2005	2004	Change	2005
	Yen		%	<i>U.S. dollars</i>
Fibers and Textiles	¥20,872	¥18,371	13.6	\$194
Plastics and Chemicals	15,658	9,676	61.8	146
IT-related Products	28,280	17,326	63.2	263
Housing and Engineering	4,294	1,695	153.3	40
Pharmaceuticals and Medical Products	2,852	3,510	(18.7)	27
New Products and other Businesses	9,212	5,868	57.0	86
Total	81,168	56,446	43.8	756
Elimination and Corporate	(116)	346	-	(1)
Consolidated Total	81,052	56,792	42.7	755

Notes:

1. U.S. dollar amount have been converted from yen at the exchange rate of ¥107.4=U.S.\$1, the approximate rate of exchange prevailing on March 31, 2005.
2. Amounts are rounded to the nearest million.

Consolidated Geographic Segment Information

(Millions of yen, millions of U.S. dollars)

Net Sales	Year ended March 31,			
	2005	2004	Change	2005
	Yen		%	U.S. dollars
Japan	¥961,633	¥786,063	22.3	\$8,954
Asia	211,192	180,676	16.9	1,966
North America, Europe & Others	125,781	121,762	3.3	1,171
Total	1,298,606	1,088,501	19.3	12,091
Elimination and Corporate	-	-	-	-
Consolidated Total	1,298,606	1,088,501	19.3	12,091

Operating Income	Year ended March 31,			
	2005	2004	Change	2005
	Yen		%	U.S. dollars
Japan	¥65,793	¥42,202	55.9	\$613
Asia	10,269	9,462	8.5	96
North America, Europe & Others	5,103	5,010	1.9	48
Total	81,165	56,674	43.2	756
Elimination and Corporate	(113)	118	-	(1)
Consolidated Total	81,052	56,792	42.7	755

Export Sales and Sales by Overseas Subsidiaries

(Millions of yen, millions of U.S. dollars)

	Year ended March 31,			
	2005	2004	Change	2004
	Yen		%	U.S. dollars
Asia	¥357,048	¥274,372	30.1	\$3,324
Other Regions	182,988	168,901	8.3	1,704
Total	540,036	443,273	21.8	5,028

Percentage against consolidated net sales	Year ended March 31,	
	2005	2004
Asia	27.5%	25.2%
Other Regions	14.1%	15.5%
Total	41.6%	40.7%

Notes:

1. U.S. dollar amount have been converted from yen at the exchange rate of ¥107.4=U.S.\$1, the approximate rate of exchange prevailing on March 31, 2005.
2. Amounts are rounded to the nearest million.

Forecast of Consolidated Results for the fiscal year ending March 31, 2006

(Millions of yen, millions of U.S. dollars)

	Year ending March 31, 2006	
	Yen	U.S. dollars
Net sales	¥1,480,000	\$14,369
Operating income	90,000	874
Ordinary income	86,000	835
Net income	43,000	417

Notes: U.S. dollar amount have been converted from yen at the exchange rate of ¥103=U.S.\$1, the estimated rate of exchange for the fiscal 2005 (April 2005 - March 2006).

Non-consolidated Financial Highlights

(Millions of yen, *millions of U.S. dollars*, except per share data)

	Year ended March 31,			
	2005	2004	Change	2005
	Yen		%	<i>U.S. dollars</i>
Net sales	¥476,056	¥458,845	3.8	\$4,433
Operating income	35,422	24,009	47.5	330
Ordinary income	43,086	30,931	39.3	401
Net income	11,786	17,000	(30.7)	110

Depreciation	26,888	29,203	(7.9)	250
Capital investment	29,785	17,428	70.9	277
Total assets	889,966	895,549	(0.6)	8,286
Property, plant and equipment, net	252,105	253,987	(0.7)	2,347
Total stockholders' equity	441,901	431,145	2.5	4,115

Per Share of common stock (yen)

Net Income Primary	¥8.32	¥12.08	(31.1)	-
Cash dividends	¥7.00	¥5.50	27.3	-
Stockholders' equity	¥315.37	¥307.70	2.5	-

Ratios (%)

Operating income to net sales	7.4%	5.2%	-	-
Net income to net sales	2.5%	3.7%	-	-
Equity ratio	49.7%	48.1%	-	-
Return on equity	2.7%	4.1%	-	-

Notes:

1. U.S. dollar amount have been converted from yen at the exchange rate of ¥107.4=U.S.\$1, the approximate rate of exchange prevailing on March 31, 2005.
2. Yen amounts are rounded to the nearest million.

Forecast of Non-consolidated Results for the fiscal year ending March 31, 2006

(Millions of yen, *millions of U.S. dollars*)

	Year ending March 31, 2006	
	Yen	<i>U.S. dollars</i>
Net sales	¥510,000	\$4,951
Operating income	38,000	369
Ordinary income	50,000	485
Net income	26,000	252

Notes: U.S. dollar amount have been converted from yen at the exchange rate of ¥103=U.S.\$1, the estimated rate of exchange for the fiscal 2005 (April 2005 - March 2006).

Management Policies

1. Corporate Mission

Toray's corporate philosophy is "to contribute to society through the creation of new value by innovative ideas, technologies and products." Under this philosophy, Toray has established the following corporate missions:

For our customers:

To provide new value to our customers through high-quality products and superior services

For our employees:

To provide our employees with opportunities for self-development in a challenging environment

For our shareholders:

To provide our shareholders with dependable and trustworthy management

For the local community:

To act as a responsible corporate citizen and build a long-lasting, beneficial partnership with the local communities in which we do business

Toray is committed to taking on responsibility and contributing to its customers, employees, shareholders and the local community.

2. Policy on Distribution of Surplus Profits

Toray recognizes that its profit distribution policy is a vital matter for the company, and accordingly is committed to distributing such profits fairly through comprehensive consideration of every factor, including business results, financial conditions and a retention of earnings necessary for future investment.

3. Issues to Be Solved and Medium- to Long-term Business Strategy

The Toray Group launched "Project New TORAY 21" ("NT21") management reform program in April 2002, in a bid to achieve early income improvement by dramatically strengthening corporate structure and the Company was able to achieve the targets one year ahead of schedule in fiscal 2003. Building on this success, the Company has initiated "Project NT-II (NT-II)" as the second stage of the reform in April 2004, with the medium-term management objective of building a dynamic and highly profitable corporate group.

Project NT21 consisted of management reforms to reinforce the corporate structure from the "defensive" perspective. NT-II, on the other hand, seeks to sustain management from the "defensive" perspective through further reinforcement of the corporate structure while simultaneously advancing with an "offensive" management approach of expanding revenues and profits through business structure reform. In order to realize this objective, the Toray Group will be focusing on the following eight issues.

Activating Group Energy

The first key is mobilizing the energy of the entire Toray Group. NT21 fostered a healthy sense of crisis combined with a new clarity of purpose and direction, and this is now being shared by all employees of the Toray Group. Building on this spirit, Toray Group has been implementing additional measures to strengthen communication and information sharing, and endeavoring to create a revitalized organization. In the term under review, the Group launched a company-wide campaign named "Multi-Communication Campaign" to improve and strengthen the communication and information sharing within the organization. Furthermore, the Group also embarked on revitalization activities such as disseminating the president's message using the intranet on a regular basis and rolling out concrete measures and actions towards establishing a corporate culture that allows even greater scope for women's active participation.

Strengthening Cost Competitiveness

The second aspect is the strengthening of total cost competitiveness. By building on the success of the "strengthening cost competitiveness project" of NT21, the Toray Group undertook extensive measures to achieve further reductions in total cost across the entire Group including gross labor costs, fixed production costs, and procurement and logistics expenses as well as head-office and marketing expenses, and these efforts have been successful.

This project was completed in March 2005 and the Group in April has initiated the "self-reliant efforts project," which aims to eliminate the wastes and losses associated with the business operation and reduce the costs by employing a different approach.

Strengthening Financial Structure

The third point is the strengthening of financial structure. While continuing with the measures to strengthen financial structure undertaken in NT21, the Group set a new financial goal under NT-II of achieving early reduction of the ratio of interest bearing debt to shareholders' equity (D/E ratio) to 1.0 or lower, in order to realize both increased investment in its advanced materials businesses and further strengthening of the financial structure. Reforms were steadily implemented in the term under review towards achieving these objectives.

Marketing Reforms

The fourth aspect is marketing reforms. While promoting the various themes such as the awareness raising endeavors for sales and marketing staff, promotion of new value creators, target management based on marketing management target indices and IT buildup that were introduced under NT21, the Group is striving to strengthen the marketing power by initiating new themes such as further promotion of awareness reforms through marketing self-help analysis and expansion of one-stop-total-service function that consolidates the major customer accounts.

Strengthening Profit Management by Product

The fifth point is strengthening profit management by product. Under NT21, as part of its measures focused on the core objective of structural reinforcement, the Group sought to cut back on loss-generating businesses and companies or bring them into the black, and was able to improve income by achieving such a goal. NT-II takes this approach one step further: each business is expected to improve income by increasing the share of high-margin products, regaining profitability or at the very least

cutting losses from unprofitable products included in the portfolios of otherwise profitable businesses. In order to achieve this goal, Toray as well as the affiliated companies within and outside Japan under the Toray Group are ensuring profit management by product, and have carried out the planned reforms by formulating and steadily implementing concrete measures.

Expanding Advanced Materials Businesses

The sixth action is expansion of advanced materials businesses. Advanced materials development at the Toray Group has to date focused on the core technologies of organic synthetic chemistry, polymer chemistry, and biochemistry. Business expansion has been driven by supplying these products to industries and users primarily in the three growth areas of IT-related products; life sciences; and environment, safety, and amenity.

NT - II calls for an expansion of existing advanced materials businesses within and outside Japan, accompanied by rapid development of new advanced materials and related business initiatives using the Toray Group's core technologies as well as sophisticated technologies such as technologies for increasing the limits of performance, nanotechnology, biotechnology, etc. To this end, concrete measures have been initiated while putting in place a structure that combines the synergies of production, sales, technology and research and allocating management resources for vital areas.

Expanding and Reinforcing Global No. 1 Businesses

The seventh measure is expanding and strengthening Toray Group businesses that rank global no. 1 in their fields. Roughly 30 of the Toray Group's businesses have claimed the top share of the global market — in the polyester-cotton blended textiles, man-made suede, polyester film, carbon fiber composite materials, and other businesses. In NT-II, Toray is planning to further expand and reinforce these no.1 businesses by clarifying the strategic positioning of each business and allocating adequate management resources. Under this policy, business strategies that exploit the Group's competitive strengths were formulated and implemented under each project leader in the term under review.

Expanding Revenues and Profits from Businesses Outside Japan

The eighth aspect involves expanding earnings from businesses outside Japan. The Toray Group will strive to implement further structural reform at its businesses in 20 countries and regions worldwide, strengthening them as sources of earnings, while simultaneously pursuing business growth outside Japan through new business initiatives. Project teams have been constituted to promote the various themes such as entering into new businesses in regions that Toray have already been penetrating, business development in regions such as Eastern Europe and Russia that boast of significant economic growth, expansion into fields with high growth rates such as IT applications or automobile applications and promotion of forays into overseas markets by group companies.

TOREX Brand Strategy*

In addition to these points, establishing a brand strategy is more essential to remaining victorious amid conditions of global overproduction and to achieving business expansion and earnings growth. To this end, the Group has positioned TOREX* as the Toray Group's core brand, symbolizing the Group's high quality,

superior product grades, and advanced materials, and is currently planning for implementation of a global brand strategy.

All employees of the Toray Group are united in their efforts towards reforms under NT-II, which take the reform efforts of NT21 and advance them even further and continue to strive for the early achievement of the NT-II target of 100 billion in consolidated operating income. Furthermore, through realization of the goals of NT-II, the Toray Group seeks to increase ROA and ROE, and to transform itself into a global, highly profitable corporate group.

4. Corporate Governance

The Toray Group's basic stance on corporate governance is clearly articulated in its Corporate Mission: "to provide our shareholders with dependable and trustworthy management," as well as in its Guiding Principles: "Fairness and sincerity — Behaving fairly with a strong feeling of responsibility and a high ethical sense, thereby establishing a trustworthy relationship with society." This is one of the Toray Group's most important management policies.

The Board of Directors has 30 members and the Board of Corporate Auditors has four, two of whom are external auditors. The Toray Group is a manufacturing conglomerate that supplies a wide variety of basic materials to a diverse range of industries, and therefore management needs to make varied judgments and decisions based on specialist knowledge and close liaison with the business field. To ensure that management fulfills its responsibility to shareholders, the Toray Group believes that directors who make decisions at board meetings and oversee business operations should be appointed by the general shareholders meetings and be familiar with the Toray Group's businesses. For this reason, the Toray Group intends to retain the current framework of its Board of Directors and Board of Auditors.

Members of the Company's Board of Auditors attend all important company meetings, including board meetings, as well as hold meetings to interview individual directors and senior managers. Further, they audit each of the Company's business locations, manufacturing bases, and domestic and overseas subsidiaries and affiliates to ensure proper oversight of directors' performance. External auditors have no financial interest in (i.e., no business relationship with) the Toray Group, and the Audit Department carries out internal audits, including of subsidiaries and affiliates.

Toray has established a Corporate Ethics Committee, which is composed of members of the Board of Directors and includes the Board of Auditors as observers, in order to address corporate ethics and legal compliance — an essential component of Corporate Social Responsibility (CSR). In addition, Toray established a Compliance Committee under the Corporate Ethics Committee to strengthen those activities through a reinforcement of the management structure.

The company employs the accounting firm ChuoAoyama PricewaterhouseCoopers to provide the services of accounting auditors in accordance with the Japanese Commercial Code and perform accounting audits in accordance with the Securities and Exchange Law. Also, it reports the audit results and exchange opinions between the Board of Auditors and the Audit Department.

Consolidated Business Results and Financial Condition

1. Overview of Fiscal 2004 (April 2004 – March 2005)

During the period under review, in spite of adverse factors such as steep rise in raw materials and fuel prices, the U.S. economy held on to its inherent strengths in the first half, while the Asian economies led by China also expanded briskly. The rate of growth, however, deteriorated in the latter half mainly due to the slowdown in the digital electronics market and the continued high prices of raw materials and fuel. The Japanese economy showed signs of a modest recovery in the first half helped by rising exports and private capital expenditure but slowed down in the latter half due to factors such as the demand and supply adjustments in the digital electronics market.

Amid these conditions, the Toray Group worked on the expansion of revenues and profits through structural reinforcement and business structure reform under its medium-term management reform program “NT-II,” which commenced in April 2004.

As a result, consolidated net sales for fiscal 2004 increased 19.3% on a year-on-year basis, to ¥1,298.6 billion (US\$12,091 million). Operating income came to ¥81.1 billion (US\$755 million), up 42.7% from the previous year, and ordinary income was ¥76.8 billion (US\$715 million), an increase of 48.8%. Net income expanded 64.5% year-on-year to ¥34.4 billion (US\$320 million). The figures for net sales, operating income and ordinary income renewed the record high.

Business Performance by Sector:

Fibers and Textiles

In domestic trading, overall sales increased. Sales of nylon fiber expanded due to the shift to high-margin products in apparel applications. In industrial applications, sales rose buoyed by increased demand for use in air bags. Overall sales of *Tetoron** polyester fiber increased, as filament yarn showed strong growth in apparel and industrial applications though sales of staple fiber were hit by decline in futon fillings market. Furthermore, sales of *Ecsaine** artificial suede and apparels also increased. And Chori Co., Ltd. as a consolidated subsidiary in the latter half, contributed to marked gains in overall domestic sales.

Total overseas sales also rose, helped by increases at polyester staple fiber and polyester filament textile operations in Thailand, polyester filament textile operations in China and also polypropylene spunbond operations in South Korea.

At the same time, in response to the steep rise in global raw materials and fuel prices, Toray group made efforts to transfer the cost increase on to the selling price.

As a result, overall sales of Fibers and Textiles increased to ¥513.4 billion (US\$4,780 million) and operating income rose to ¥20.9 billion (US\$194 million) from the previous year.

The installation of a new nylon filament production facility at Toray Fibers (Nantong) Co., Ltd. and expansion work of polyester and nylon textile production infrastructure at Toray Sakai Weaving & Dyeing (Nantong) Co., Ltd. were completed and these facilities have started operations.

Plastics and Chemicals

Sales of engineering plastic resins such as *Amilan** nylon resin, *Toraycon** polybutylene terephthalate (PBT) resin and *Torelina** polyphenylene sulfide (PPS) resin saw strong growth in the automobile and electric sectors while those of *Toyolac** acrylonitrile butadiene styrene (ABS) resin also increased both in Japan and abroad, contributing to overall sales growth in plastics sector.

In the Film Business, sales of the Toray Group mainstay *Lumirror** polyester (PET) film continued to advance. This expansion reflected demand in packaging and industrial application markets along with a shift to value-added products both in Japan and overseas. Sales of *Torayfan** polypropylene film also expanded steadily thanks to higher demand in packaging and industrial application in both Japanese and overseas markets.

Sales in Chemicals declined, mainly due to consolidation of the Caprolactam (a raw material for nylon) production system into Tokai plant and cutback of less profitable exports.

In response to the steep rise in global raw materials and fuel prices, efforts were made to transfer the cost increase on to the selling price.

As a result and also due to the positive impact accompanying the addition of Chori Co., Ltd. as a consolidated subsidiary in the latter half, the total sales for Plastics and Chemicals increased year-on-year to ¥300.4 billion (US\$2,797 million) and operating income rose to ¥15.7 billion (US\$146 million).

Expansion work of polyester film production infrastructure at Yihua Toray Polyester Film Co., Ltd. in China was completed and operations have begun.

IT-related Products

In spite of the impact of the downturn in the Information and Telecommunications (IT) market in the latter half of the period, sales of IT-related Products increased by efforts to expand sales for the liquid crystal display (LCD), cellular phone and digital home electronic appliance applications. Total sales in the electronic materials business also increased due to sales expansion in circuit materials in Korea as well as the sales expansion in plasma-display related materials. The sales of color filters used in TFT-LCDs gained by getting popularity of small and medium-sized LCDs mainly for cellular-phone applications, leading to an overall expansion in sales of the liquid crystal materials business.

The IT-related equipment business experienced higher aggregate sales on growth mainly in LCD filter coating equipment.

As a result, sales of IT-related Products increased to ¥219.1 billion (US\$2,040 million), and operating income rose to ¥28.3 billion (US\$263 million).

On the production side, expansion work of the infrastructure to produce protective film for LCDs and double-plated FPC substrate film for super fine pitch electric circuits at Toray Advanced Film Co., Ltd. was completed and operations have started.

Housing and Engineering

The condominium business etc. continued to be strong. And Suido Kiko Kaisha, Ltd. as a consolidated subsidiary in the latter half of the fiscal year, contributed to the sector registering a year-on-year increase in total sales of ¥148.7 billion (US\$1,384 million). Operating income rose to ¥4.3 billion (US\$40 million).

Pharmaceuticals and Medical Products

In the Pharmaceuticals, while compensation revenue from joint development agreements with other companies and licensing of distribution rights of innovative treatments such as an antipruritic drug increased, sales of existing drugs such as natural interferon-beta preparation “Feron” and cardiovascular drug “Dorner” declined due to reduction in drug prices, leading to an overall decline in the sales. Medical Product sales also suffered, as brisk sales of *Toraymyxin**, a blood purification device for treating septicemia, was offset by declining revenue from artificial kidney products due to reduced price.

As a result, sales of the sector decreased to ¥44.4 billion (US\$413 million) from the previous year and operating income fell to ¥2.9 billion (US\$27 million).

New Products and Other Businesses

Total sales of Advanced Composite Materials rose as aircraft applications expanded and reflecting a steady increase led mostly by industrial applications including CNG tanks for natural gas vehicles, windmill blades for wind-power generation and civil engineering.

Total sales and operating income in the New Products and Other Business sector rose year-on-year to ¥72.7 billion (US\$677 million) and ¥9.2 billion (US\$86 million), respectively.

Expansion work of carbon fiber production facility at the Societe des Fibres de Carbone S.A. in France was completed and operations have begun.

Recent Investments

Toray purchased a majority stake in Chori Co., Ltd. and made it into a consolidated subsidiary to enhance collaborations in fiber and textile sectors as well as overseas operations and to take advantage of synergy effects in strengthening of functions and business potentials.

To expand Toray Group’s water treatment business, Toray also acquired a majority stake in Suido Kiko Kaisha, Ltd. and made it into a consolidated subsidiary. At the same time, Toray transferred domestic operations of water treatment system plant business at the company and Toray Engineering Co., Ltd. to Suido Kiko to reorganize and enhance the structure to drive the business forward.

A new research center was set up in Shanghai as a branch of Toray Fibers & Textiles Research Laboratories (China) Co., Ltd. of Nantong, Jiangsu for conducting research on advanced polymer materials as well as in the water treatment field. The move is aimed at utilizing the excellent human resources available in China and further enhancing the research and development collaboration with Chinese universities and research organizations.

2. Dividends

Taking into consideration earnings performance during the term under review and considering the outlook for the coming fiscal year, Toray is proposing to pay a year-end dividend of ¥3.50 per share of common stock, for an aggregate annual dividend of ¥7 per share of common stock, including the interim dividend. That would be an increase of ¥1.5 from the previous year.

3. Finance and Cash Flows for Fiscal 2004

As of March 31, 2005, Toray's total assets stood at ¥1,402.3 billion (US\$13,056 million), up ¥107.0 billion (US\$996 million) from the previous fiscal year, as trade receivables, inventories and investments and other assets increased. These increases can be principally attributed to Chori Co., Ltd. and Suido Kiko Kaisha, Ltd. joining the fold as consolidated subsidiaries. Shareholders' equity came to ¥452.5 billion (US\$4,213 million), up ¥38.3 billion (US\$356 million) from the end of the previous fiscal year, due to increases in retained earnings and unrealized gains on securities. As a result, the equity ratio at the end of the fiscal year was 32.3%, a 0.3 percentage-point increase over the previous year.

Free cash flows, cash flows from operating activities and net of cash flows from investment activities for the fiscal year ended March 2005 were up year-on-year to ¥86.6 billion (US\$806 million). Cash flows, as well as changes in the balances of cash and cash equivalents, for the fiscal year ended March 2005 are as follows:

(Billions of yen, *millions of U.S. dollars*)

	Year ended March 31,		
	2005	2004	2005
	Yen		U.S. \$
Cash flows from operating activities	133.5	117.6	1,243
Cash flows from investment activities	(46.9)	(46.7)	(437)
Balance (Free cash flows)	86.6	70.9	806
Cash flows from financing activities	(67.1)	(46.7)	(624)
Translation gains/losses	0.4	(1.3)	3
Change in cash and cash equivalents for the year	19.9	22.9	185
Cash and cash equivalents at beginning of the year	78.7	55.7	733
Effect of changes in consolidated subsidiaries	0.2	0.1	2
Cash and cash equivalents at end of the year	98.7	78.7	919

Index of Cash Flows:

	Year ended March 31,				
	2001	2002	2003	2004	2005
Stockholder's equity / Total assets (%)	29.1	29.8	30.0	32.0	32.3
Market capitalization / Total assets (%)	48.4	35.6	28.3	52.2	48.0
Interest-bearing debt / Operating cash flow (years)	5.4	8.5	6.2	4.2	3.5
Operating cash flow/Interest paid (times)	5.8	4.5	10.6	16.5	21.6

Notes:

1. All indices are computed based on consolidated data.
2. Market capitalization equals the stock price at the end of the period multiplied by the number of shares outstanding at the end of the period (excluding treasury stock).
3. Operating cash flow is stated in the consolidated statements of cash flows. Interest-bearing debt is all debt included in the consolidated balance sheets on which is paid.

4. Forecast for Fiscal 2005 (Ending March 31, 2006)

For fiscal 2005, the demand and supply adjustment in the digital and related products is expected to continue, with a recovery expected in the latter half of the term. At the same time, the global economy is expected to face increasing uncertainty due to further rise in raw material and fuel prices and concerns of downturn in the U.S. economy. The outlook for Japanese economy also remains uncertain as it is weighed down by risk factors such as sharp rise in raw materials and fuel prices and stagnant consumer spending, but is expected to improve in the latter half by the recovery of digital products market and growth in export markets.

Amid these conditions, the Toray Group will work to address the medium-term management issues of constant reinforcement of corporate structure and expanding revenues and profits through business structure reform, as set out in NT-II, in order to achieve its goals of rapid transformation to a highly profitable corporate group. For fiscal 2005, the second year under NT-II, the Group expects to achieve sales of ¥1,480 billion (US\$14,369 million), operating income of ¥90 billion (US\$874 million), and ordinary income of ¥86 billion (US\$835 million). These forecasts are based on expectations of a foreign exchange rate of ¥103 to the U.S. dollar.

Notes:

- 1) U.S. dollar amounts have been converted from yen at the exchange rate of ¥107.4=US\$1, the approximate rate of exchange prevailing on March 31, 2005.
- 2) U.S. dollar amounts of Forecast for Fiscal 2005 (ending March 31, 2006) have been converted from yen at the exchange rate of ¥103=U.S.\$1, the estimated rate of exchange for the Fiscal 2005 (April 2005 - March 2006).
- 3) Product names with (*) abbreviation are trademarks of Toray Industries, Inc.

Disclaimer

Descriptions of predicted business results, forecasts and business plans contained in this material are based on predictive forecasts of the future business environment made at the present time. The material in this statement is not a guarantee of the Company's future business performance.

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